

**Proposed Substitute  
Bill No. 1078**

LCO No. 5747

**AN ACT CONCERNING AFFORDABLE AND RELIABLE ENERGY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsections (a) and (b) of section 16a-3b of the general  
2 statutes are repealed and the following is substituted in lieu thereof  
3 (*Effective July 1, 2015*):

4 (a) The Public Utilities Regulatory Authority shall oversee the  
5 implementation of the Integrated Resources Plan and the Procurement  
6 Plan. The electric distribution companies shall implement the demand-  
7 side measures, including, but not limited to, energy efficiency, load  
8 management, demand response, combined heat and power facilities,  
9 distributed generation and other emerging energy technologies,  
10 specified in the Integrated Resources Plan and included in the  
11 comprehensive Conservation and Load Management Plan approved  
12 by the Energy Conservation Management Board and the  
13 Commissioner of Energy and Environmental Protection. The electric  
14 distribution companies shall submit proposals to appropriate  
15 regulatory agencies to address transmission and distribution upgrades  
16 as specified in the Integrated Resources Plan.

17 (b) [When the Integrated Resources Plan contains an option to  
18 procure new sources of generation, the authority] The Department of

19 Energy and Environmental Protection shall develop and issue a  
20 request for proposals [,] as needed to meet the goals established in the  
21 Integrated Resources Plan, including, but not limited to, meeting  
22 electric energy or capacity needs, meeting the renewable portfolio  
23 standards, improving energy system reliability, lowering energy costs  
24 and reducing greenhouse gas emissions. Proposals selected by the  
25 department shall be subject to approval by the Public Utilities  
26 Regulatory Authority. The department shall submit a report, in  
27 accordance with the provisions of section 11-4a, regarding such  
28 proposals to the joint standing committee of the General Assembly  
29 having cognizance of matters relating to energy and technology. Not  
30 later than sixty calendar days after receipt of the department's report,  
31 such committee shall hold a public hearing regarding such proposals.  
32 Not later than thirty calendar days after the public hearing, such  
33 committee shall advise the department of their approval or  
34 modifications, if any, of the proposals selected. The department shall  
35 publish such request for proposals in one or more newspapers or  
36 periodicals, as selected by the [authority] department, and shall post  
37 such request for proposals on its Internet web site. In considering any  
38 generation proposals submitted pursuant to such request, the  
39 [authority] department shall give preference to proposals for  
40 generation without any financial assistance, including, but not limited  
41 to, long-term contract financing or ratepayer guarantees. Pursuant to a  
42 nondisclosure agreement, the [authority] department shall make  
43 available to the [Commissioner of Energy and Environmental  
44 Protection] authority, the Office of Consumer Counsel and the  
45 Attorney General all confidential bid information it receives pursuant  
46 to this subsection, provided the bids and any analysis of such bids  
47 shall not be subject to disclosure under the Freedom of Information  
48 Act. Three months after the [authority] department issues a final  
49 decision, it shall make available all financial bid information, provided  
50 such information regarding the bidders not selected be presented in a  
51 manner that conceals the identities of such bidders.

52 (1) On and after July 1, 2008, an electric distribution company may

53 submit proposals in response to a request for proposals on the same  
54 basis as other respondents to the solicitation. A proposal submitted by  
55 an electric distribution company shall include its full projected costs  
56 such that any project costs recovered from or defrayed by ratepayers  
57 are included in the projected costs. An electric distribution company  
58 submitting any such bid shall demonstrate to the satisfaction of the  
59 [authority] department that its bid is not supported in any form of  
60 cross subsidization by affiliated entities. If the [authority] department  
61 approves such electric distribution company's proposal, the costs and  
62 revenues of such proposal shall not be included in calculating such  
63 company's [earning] earnings for purposes of, or in determining  
64 whether its rates are just and reasonable under, sections 16-19, 16-19a  
65 and 16-19e. An electric distribution company shall not recover more  
66 than the full costs identified in any approved proposal. Affiliates of the  
67 electric distribution company may submit proposals pursuant to  
68 section 16-244h, regulations adopted pursuant to section 16-244h and  
69 other requirements the [authority] department may impose.

70 (2) If the [authority] department selects a nonelectric distribution  
71 company proposal, an electric distribution company shall, within  
72 thirty days of the selection of a proposal by the [authority] department,  
73 negotiate in good faith the final terms of a contract with a generating  
74 facility and shall apply to the authority for approval of such contract.  
75 Upon authority approval, the electric distribution company shall enter  
76 into such contract.

77 (3) The authority shall determine the appropriate manner of cost  
78 recovery for proposals selected pursuant to this section.

79 (4) The [authority] department may retain the services of a third-  
80 party entity with expertise in the area of energy procurement to  
81 oversee the development of the request for proposals and to assist the  
82 [authority] department in its approval of proposals pursuant to this  
83 section. [The reasonable and proper expenses for retaining such third-  
84 party entity shall be recoverable through the generation services  
85 charge.] All reasonable expenses associated with the department

86 retaining such third-party entity shall be recoverable through the  
87 assessment in section 16-49.

88       Sec. 2. (NEW) (*Effective July 1, 2015*) (a) The Commissioner of Energy  
89 and Environmental Protection, in consultation with the procurement  
90 manager identified in subsection (l) of section 16-2 of the general  
91 statutes, the Office of Consumer Counsel and the Attorney General  
92 may, in coordination with other states in the region of the regional  
93 independent system operator, as defined in section 16-1 of the general  
94 statutes, or on the commissioner's own, solicit proposals for long-term  
95 contracts, in one solicitation or multiple solicitations, from providers of  
96 (1) natural gas pipeline capacity constructed on or after January 1,  
97 2016, (2) liquefied natural gas, (3) Class I renewable energy sources, as  
98 defined in section 16-1 of the general statutes, (4) active demand  
99 response resources, including, but not limited to, load management, (5)  
100 distributed generation, including, but not limited to, combined heat  
101 and power, or (6) verifiable large-scale hydropower, as defined in  
102 section 16-1 of the general statutes.

103       (b) The Commissioner of Energy and Environmental Protection  
104 shall evaluate the following factors when reviewing proposals  
105 pursuant to subsection (a) of this section, including, but not limited to,  
106 (1) economic benefits to the state, (2) fuel diversity, (3) whether  
107 benefits of the proposal outweigh the costs of the proposal, (4) the  
108 delivered price of such sources, (5) whether the proposal is consistent  
109 with the requirements to reduce greenhouse gas emissions in  
110 accordance with section 22a-200a of the general statutes, (6) whether  
111 the proposal is in the best interest of ratepayers, and (7) whether the  
112 proposal is aligned with the policy goals outlined in the  
113 Comprehensive Energy Strategy, pursuant to section 16a-3d of the  
114 general statutes, including, but not limited to, environmental impacts.

115       (c) If the commissioner finds proposals pursuant to subsection (a) of  
116 this section to be in the best interests of ratepayers, the commissioner  
117 may select proposals from generating facilities or demand response  
118 resources to meet up to the state's proportional share of the regional

119 energy load of natural gas capacity.

120 (d) Any agreement entered into pursuant to subsection (c) of this  
121 section shall be subject to review and approval by the Public Utilities  
122 Regulatory Authority. The Commissioner of Energy and  
123 Environmental Protection may file an application with the authority  
124 for the review and approval of the agreement. The authority shall issue  
125 a decision not later than sixty days after such filing. If the authority  
126 does not issue a decision within sixty days after receiving said  
127 application, or within ninety days if the Commissioner of Energy and  
128 Environmental Protection consents, the application shall be deemed  
129 approved. The net costs of any such agreement, including the electric  
130 distribution companies' costs incurred under the agreement and  
131 reasonable costs incurred in connection with such agreement, shall be  
132 recovered through a fully reconciling component of electric rates for all  
133 customers of electric distribution companies.

134 Sec. 3. (NEW) (*Effective July 1, 2015*) In any rate application filed  
135 with the Public Utilities Regulatory Authority on or after July 1, 2015,  
136 by any electric distribution company, the electric distribution company  
137 may seek cost recovery for the costs of purchasing new natural gas  
138 capacity either through procuring contracts for new pipeline capacity  
139 or otherwise, as directed by the Commissioner of Energy and  
140 Environmental Protection pursuant to section 2 of this act.

This act shall take effect as follows and shall amend the following sections:		
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Section 1	<i>July 1, 2015</i>	16a-3b(a) and (b)
Sec. 2	<i>July 1, 2015</i>	New section
Sec. 3	<i>July 1, 2015</i>	New section